

SENATE BILL NO. 463

INTRODUCED BY B. STORY

A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE LOCAL OPTION VEHICLE TAX ON LIGHT VEHICLES; REVISING THE LOCAL OPTION FLAT FEE ON LIGHT VEHICLES; ALLOWING A COUNTY TO IMPOSE A LOCAL OPTION FLAT FEE, UPON VOTER APPROVAL, BASED ON THE AGE OF THE LIGHT VEHICLE; ALLOWING A COUNTY THAT IMPOSED THE LOCAL OPTION VEHICLE TAX IN CALENDAR YEAR 2005 TO IMPOSE A LOCAL OPTION FLAT FEE AFTER A PUBLIC HEARING; AMENDING SECTIONS 15-8-202, 15-15-201, 15-30-121, 15-50-207, 20-9-331, 20-9-333, 20-9-360, 61-3-303, 61-3-456, 61-3-562, 61-3-570, 61-3-701, AND 61-3-736, MCA; REPEALING SECTIONS 61-3-503 AND 61-3-537, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-8-202, MCA, is amended to read:

"15-8-202. Motor vehicle assessment by department of justice. (1) (a) The department of justice shall determine the registration fee on light vehicles in accordance with 61-3-560 through 61-3-562 and the local option flat fee in accordance with 61-3-570.

~~(b) For the purposes of the local option vehicle tax under 61-3-537, the department of justice shall assess all light vehicles, subject to 61-3-313 through 61-3-316 and 61-3-501, for taxation in accordance with 61-3-503.~~

~~(e)(b)~~ The department of justice shall determine the fee in lieu of tax for all buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors in accordance with 61-3-528 and 61-3-529.

~~(d)(c)~~ Taxes, registration fees, or fees in lieu of tax on a motor vehicle under this subsection (1) must be assessed or imposed in each year on the person who owned or claimed the motor vehicles or in whose possession or control the motor vehicle was on the anniversary registration date.

(2) A tax or fee in lieu of tax may not be assessed or imposed against motor vehicles subject to taxation or to a fee in lieu of tax that constitute inventory of motor vehicle dealers as of January 1. These vehicles and all other motor vehicles subject to taxation or a fee in lieu of tax that are brought into the state after January 1 as motor vehicle dealers' inventories must be assessed to their respective purchasers as of the dates the

vehicles are registered by the purchasers.

(3) "Purchasers" includes dealers who apply for registration or reregistration of motor vehicles.

(4) Goods, wares, and merchandise of motor vehicle dealers, other than new motor vehicles and new mobile homes, must be assessed at market value as of January 1.

(5) (a) The department of justice is authorized to appear in any proceeding before a county tax appeal board, the state tax appeal board, or a court that seeks to dispute an assessment made by the department pursuant to the authority granted under this section.

(b) For the purposes of proceedings before county tax appeal boards or the state tax appeal board, service of the application required under 15-15-201 must be made on the attorney general. A copy of any application giving rise to a proceeding before a county tax appeal board or the state tax appeal board must also be served on the county treasurer of the county in which the vehicle that is the subject of the proceeding was registered."

Section 2. Section 15-15-201, MCA, is amended to read:

"15-15-201. Motor vehicle tax appeals -- payment and protest of local option taxes or fees in lieu of tax on motor vehicles. (1) (a) A taxpayer who seeks to appeal the imposition of ~~local option taxes on light vehicles or fees in lieu of tax~~ assessed against a motor vehicle and imposed by the department of justice under authority of 15-8-202 shall file a written application for the appeal not later than 30 days after the anniversary date for reregistration, as ~~determined provided by 61-3-315~~ 61-3-311, of the vehicle that is the subject of the appeal. The application must be on a form prescribed by the department of justice in consultation with the state tax appeal board.

(b) The application must include a specific explanation of the basis for the taxpayer's appeal. The basis for appeal must be related to the factors to be considered and applied by the department of justice under ~~61-3-503~~, 61-3-506, 61-3-528, and 61-3-529.

(2) (a) The treasurer of the county or municipality is not required to deposit ~~local option vehicle taxes or fees in lieu of tax~~ on a motor vehicle paid under protest in the special fund designated as a protest fund as required for property taxes under 15-1-402. The taxes or fees paid under protest may be reported and distributed in the same manner as those received without protest.

(b) If a refund is payable as a result of the taxpayer prevailing in a tax appeal or court proceeding concerning the protested motor vehicle taxes or fees, a refund may be made in accordance with 15-16-603.

(3) (a) A motor vehicle tax appeal may be heard by the county tax appeal board during its next regularly scheduled session if the application for the appeal was filed by December 1. If during its current session, a county tax appeal board refuses or fails to hear a taxpayer's application that was timely filed by December 1, then the taxpayer's application is considered to be granted on the day following the board's final meeting for that year.

(b) A motor vehicle tax appeal filed after December 1 may be held over by the board to a session in the following year. If a taxpayer's application that was timely filed after December 1 of the current session of the county tax appeal board is held over to a session in the following year and if the county tax appeal board refuses or fails to hear the application during the following session, then the application is considered to be granted on the day following the board's final meeting for that year."

Section 3. Section 15-30-121, MCA, is amended to read:

"15-30-121. Deductions allowed in computing net income. (1) In computing net income, there are allowed as deductions:

(a) the items referred to in sections 161, including the contributions referred to in 33-15-201(5)(b), and 211 of the Internal Revenue Code, 26 U.S.C. 161 and 211, subject to the following exceptions, which are not deductible:

- (i) items provided for in 15-30-123;
- (ii) state income tax paid;
- (iii) premium payments for medical care as provided in subsection (1)(g)(i);
- (iv) long-term care insurance premium payments as provided in subsection (1)(g)(ii); and
- (v) a charitable contribution using a charitable gift annuity unless the annuity is a qualified charitable gift annuity as defined in 33-20-701;

(b) federal income tax paid within the tax year, not to exceed \$5,000 for each taxpayer filing singly, head of household, or married filing separately or \$10,000 if married and filing jointly;

(c) expenses of household and dependent care services as outlined in subsections (1)(c)(i) through (1)(c)(iii) and (2) and subject to the limitations and rules as set out in subsections (1)(c)(iv) through (1)(c)(vi), as follows:

(i) expenses for household and dependent care services necessary for gainful employment incurred for:

1 (A) a dependent under 15 years of age for whom an exemption can be claimed;

2 (B) a dependent as allowable under 15-30-112(5), except that the limitations for age and gross income
3 do not apply, who is unable to provide self-care because of physical or mental illness; and

4 (C) a spouse who is unable to provide self-care because of physical or mental illness;

5 (ii) employment-related expenses incurred for the following services, but only if the expenses are
6 incurred to enable the taxpayer to be gainfully employed:

7 (A) household services that are attributable to the care of the qualifying individual; and

8 (B) care of an individual who qualifies under subsection (1)(c)(i);

9 (iii) expenses incurred in maintaining a household if over half of the cost of maintaining the household
10 is furnished by an individual or, if the individual is married during the applicable period, is furnished by the
11 individual and the individual's spouse;

12 (iv) the amounts deductible in subsections (1)(c)(i) through (1)(c)(iii), subject to the following limitations:

13 (A) a deduction is allowed under subsection (1)(c)(i) for employment-related expenses incurred during
14 the year only to the extent that the expenses do not exceed \$4,800;

15 (B) expenses for services in the household are deductible under subsection (1)(c)(i) for
16 employment-related expenses only if they are incurred for services in the taxpayer's household, except that
17 employment-related expenses incurred for services outside the taxpayer's household are deductible, but only
18 if incurred for the care of a qualifying individual described in subsection (1)(c)(i)(A) and only to the extent that
19 the expenses incurred during the year do not exceed:

20 (I) \$2,400 in the case of one qualifying individual;

21 (II) \$3,600 in the case of two qualifying individuals; and

22 (III) \$4,800 in the case of three or more qualifying individuals;

23 (v) if the combined adjusted gross income of the taxpayers exceeds \$18,000 for the tax year during
24 which the expenses are incurred, the amount of the employment-related expenses incurred, to be reduced by
25 one-half of the excess of the combined adjusted gross income over \$18,000;

26 (vi) for purposes of this subsection (1)(c):

27 (A) married couples shall file a joint return or file separately on the same form;

28 (B) if the taxpayer is married during any period of the tax year, employment-related expenses incurred
29 are deductible only if:

30 (I) both spouses are gainfully employed, in which case the expenses are deductible only to the extent

1 that they are a direct result of the employment; or

2 (II) the spouse is a qualifying individual described in subsection (1)(c)(i)(C);

3 (C) an individual legally separated from the individual's spouse under a decree of divorce or of separate
4 maintenance may not be considered as married;

5 (D) the deduction for employment-related expenses must be divided equally between the spouses when
6 filing separately on the same form;

7 (E) payment made to a child of the taxpayer who is under 19 years of age at the close of the tax year
8 and payments made to an individual with respect to whom a deduction is allowable under 15-30-112(5) are not
9 deductible as employment-related expenses;

10 (d) in the case of an individual, political contributions determined in accordance with the provisions of
11 section 218(a) and (b) of the Internal Revenue Code of 1954 (now repealed) that were in effect for the tax year
12 that ended December 31, 1978;

13 (e) that portion of expenses for organic fertilizer and inorganic fertilizer produced as a byproduct allowed
14 as a deduction under 15-32-303 that was not otherwise deducted in computing taxable income;

15 (f) contributions to the child abuse and neglect prevention program provided for in 52-7-101, subject
16 to the conditions set forth in 15-30-156;

17 (g) the entire amount of premium payments made by the taxpayer, except premiums deducted in
18 determining Montana adjusted gross income, or for which a credit was claimed under 15-30-128, for:

19 (i) insurance for medical care, as defined in 26 U.S.C. 213(d), for coverage of the taxpayer, the
20 taxpayer's dependents, and the parents and grandparents of the taxpayer; and

21 (ii) long-term care insurance policies or certificates that provide coverage primarily for any qualified
22 long-term care services, as defined in 26 U.S.C. 7702B(c), for:

23 (A) the benefit of the taxpayer for tax years beginning after December 31, 1994; or

24 (B) the benefit of the taxpayer, the taxpayer's dependents, and the parents and grandparents of the
25 taxpayer for tax years beginning after December 31, 1996;

26 (h) light vehicle registration fees and local option flat fees, as provided for in 61-3-560 through 61-3-562
27 and 61-3-570, paid during the tax year; and

28 (i) per capita livestock fees imposed pursuant to 15-24-921, 15-24-922, 81-6-104, 81-6-204, 81-6-209,
29 81-7-118, or 81-7-201.

30 (2) (a) Subject to the conditions of subsection (1)(c), a taxpayer who operates a family day-care home

1 or a group day-care home, as these terms are defined in 52-2-703, and who cares for the taxpayer's own child
2 and at least one unrelated child in the ordinary course of business may deduct employment-related expenses
3 considered to have been paid for the care of the child.

4 (b) The amount of employment-related expenses considered to have been paid by the taxpayer is equal
5 to the amount that the taxpayer charges for the care of a child of the same age for the same number of hours
6 of care. The employment-related expenses apply regardless of whether any expenses actually have been paid.
7 Employment-related expenses may not exceed the amounts specified in subsection (1)(c)(iv)(B).

8 (c) Only a day-care operator who is licensed and registered as required in 52-2-721 is allowed the
9 deduction under this subsection (2)."

10
11 **Section 4.** Section 15-50-207, MCA, is amended to read:

12 **"15-50-207. Credit against other taxes -- credit for personal property taxes and certain fees. (1)**

13 The additional license fees withheld or otherwise paid as provided in this chapter may be used as a credit on
14 the contractor's corporation license tax provided for in chapter 31 of this title or on the contractor's income tax
15 provided for in chapter 30, depending upon the type of tax the contractor is required to pay under the laws of
16 the state.

17 (2) Personal property taxes and the fee in lieu of tax on buses, trucks having a manufacturer's rated
18 capacity of more than 1 ton, or truck tractors, as provided in 61-3-529, ~~and the registration fee on light vehicles,~~
19 as provided in 61-3-560 through 61-3-562, and the local option flat fee, as provided in 61-3-570, paid in Montana
20 on any personal property or vehicle of the contractor that is used in the business of the contractor and is located
21 within this state may be credited against the license fees required under this chapter. However, in computing
22 the tax credit allowed by this section against the contractor's corporation license tax or income tax, the tax credit
23 against the license fees required under this chapter may not be considered as license fees paid for the purpose
24 of the income tax or corporation license tax credit."

25
26 **Section 5.** Section 20-9-331, MCA, is amended to read:

27 **"20-9-331. Basic county tax for elementary equalization and other revenue for county**
28 **equalization of elementary BASE funding program. (1)** Subject to 15-10-420, the county commissioners of
29 each county shall levy an annual basic county tax of 33 mills on the dollar of the taxable value of all taxable
30 property within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-521,

61-3-527, 61-3-529, ~~61-3-537~~, 61-3-560 through 61-3-562, 61-3-570, and 67-3-204, for the purposes of elementary equalization and state BASE funding program support. The revenue collected from this levy must be apportioned to the support of the elementary BASE funding programs of the school districts in the county and to the state general fund in the following manner:

(a) In order to determine the amount of revenue raised by this levy that is retained by the county, the sum of the estimated revenue identified in subsection (2) must be subtracted from the total of the BASE funding programs of all elementary districts of the county.

(b) If the basic levy and other revenue prescribed by this section produce more revenue than is required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds to the department of revenue, as provided in 15-1-504, for deposit to the state general fund immediately upon occurrence of a surplus balance and each subsequent month, with any final remittance due no later than June 20 of the fiscal year for which the levy has been set.

(2) The revenue realized from the county's portion of the levy prescribed by this section and the revenue from the following sources must be used for the equalization of the elementary BASE funding program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue by the county treasurer in accordance with 20-9-212(1):

(a) the portion of the federal Taylor Grazing Act funds designated for the elementary county equalization fund under the provisions of 17-3-222;

(b) the portion of the federal flood control act funds distributed to a county and designated for expenditure for the benefit of the county common schools under the provisions of 17-3-232;

(c) all money paid into the county treasury as a result of fines for violations of law, except money paid to a justice's court, and the use of which is not otherwise specified by law;

(d) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's accounts for the various sources of revenue established or referred to in this section;

(e) any federal or state money distributed to the county as payment in lieu of property taxation, including federal forest reserve funds allocated under the provisions of 17-3-213;

(f) gross proceeds taxes from coal under 15-23-703; and

(g) oil and natural gas production taxes."

Section 6. Section 20-9-333, MCA, is amended to read:

1 **"20-9-333. Basic county tax for high school equalization and other revenue for county**
2 **equalization of high school BASE funding program.** (1) Subject to 15-10-420, the county commissioners of
3 each county shall levy an annual basic county tax of 22 mills on the dollar of the taxable value of all taxable
4 property within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-521,
5 61-3-527, 61-3-529, ~~61-3-537~~, 61-3-560 through 61-3-562, 61-3-570, and 67-3-204, for the purposes of high
6 school equalization and state BASE funding program support. The revenue collected from this levy must be
7 apportioned to the support of the BASE funding programs of high school districts in the county and to the state
8 general fund in the following manner:

9 (a) In order to determine the amount of revenue raised by this levy that is retained by the county, the
10 sum of the estimated revenue identified in subsection (2) must be subtracted from the sum of the county's high
11 school tuition obligation and the total of the BASE funding programs of all high school districts of the county.

12 (b) If the basic levy and other revenue prescribed by this section produce more revenue than is required
13 to repay a state advance for county equalization, the county treasurer shall remit the surplus funds to the
14 department of revenue, as provided in 15-1-504, for deposit to the state general fund immediately upon
15 occurrence of a surplus balance and each subsequent month, with any final remittance due no later than June
16 20 of the fiscal year for which the levy has been set.

17 (2) The revenue realized from the county's portion of the levy prescribed in this section and the revenue
18 from the following sources must be used for the equalization of the high school BASE funding program of the
19 county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue by the county
20 treasurer in accordance with 20-9-212(1):

21 (a) any money remaining at the end of the immediately preceding school fiscal year in the county
22 treasurer's accounts for the various sources of revenue established in this section;

23 (b) any federal or state money distributed to the county as payment in lieu of property taxation, including
24 federal forest reserve funds allocated under the provisions of 17-3-213;

25 (c) gross proceeds taxes from coal under 15-23-703; and

26 (d) oil and natural gas production taxes."
27

28 **Section 7.** Section 20-9-360, MCA, is amended to read:

29 **"20-9-360. State equalization aid levy.** Subject to 15-10-420, there is a levy of 40 mills imposed by
30 the county commissioners of each county on all taxable property within the state, except property for which a

1 tax or fee is required under 23-2-517, 23-2-803, 61-3-521, 61-3-527, 61-3-529, ~~61-3-537~~, 61-3-560 through
2 61-3-562, 61-3-570, and 67-3-204. Proceeds of the levy must be remitted to the department of revenue, as
3 provided in 15-1-504, and must be deposited to the credit of the state general fund for state equalization aid to
4 the public schools of Montana."

5
6 **Section 8.** Section 61-3-303, MCA, is amended to read:

7 **"61-3-303. Registration -- process -- fees.** (1) A Montana resident who owns a motor vehicle operated
8 or driven upon the public highways of this state shall register the motor vehicle in the office of the county
9 treasurer in the county where the owner permanently resides or, if the vehicle is owned by a corporation or used
10 primarily for commercial purposes, in the county where the vehicle is permanently assigned.

11 (2) (a) Except as provided in subsection (3), the county treasurer shall register any vehicle for which:

12 (i) as of the date that the vehicle is to be registered, the owner delivers an application for a certificate
13 of title to the department, its authorized agent, or a county treasurer; or

14 (ii) the county treasurer confirms that the department has an electronic record of title for the vehicle as
15 provided under 61-3-101.

16 (b) To register a vehicle, the county treasurer shall update the electronic record of title maintained by
17 the department under 61-3-101 by entering the fees paid and recording any changes to the recorded data.

18 (3) (a) A county treasurer shall register a motor vehicle for which a certificate of title and registration
19 were issued in another jurisdiction and for which registration is required under 61-3-701 after the county
20 treasurer examines the current out-of-jurisdiction registration certificate or receipt and receives payment of the
21 fees required in 61-3-701. The county treasurer may ask the vehicle owner to provide additional information,
22 prescribed by the department, to ensure that the electronic record of registration maintained by the department
23 is complete.

24 (b) A county treasurer may register a motor vehicle for which the new owner cannot present the
25 previously issued certificate of title only as authorized by the department under 61-3-342.

26 (4) The department or the county treasurer shall determine the amount of fees, including local option
27 ~~taxes or~~ fees, to be collected at the time of registration for each light vehicle subject to a registration fee under
28 61-3-560 through 61-3-562 and for each bus, truck having a manufacturer's rated capacity of more than 1 ton,
29 and truck tractor subject to a fee in lieu of tax under 61-3-529. The county treasurer shall collect the registration
30 fee, other appropriate fees, and local option ~~taxes or~~ fees, if applicable, on each motor vehicle at the time of its

1 registration.

2 (5) A person who seeks to register a motor vehicle, except a mobile home or a manufactured home as
3 those terms are defined in 15-1-101(1), shall pay to the county treasurer:

4 (a) the registration fee, as provided in 61-3-311 and 61-3-321 or 61-3-456;

5 (b) except as provided in 61-3-456 or unless it has been previously paid, the motor vehicle fees in lieu
6 of tax or registration fees under 61-3-560 through 61-3-562 imposed against the vehicle for the current year of
7 registration and the immediately previous year; and

8 (c) a donation of \$1 or more if the person has indicated on the application that the person wishes to
9 donate to promote awareness and education efforts for procurement of organ and tissue donations in Montana
10 to favorably impact anatomical gifts; and

11 (d) a donation of \$1 or more if the person has indicated on the application that the person wishes to
12 donate to promote education on, support for, and awareness of traumatic brain injury.

13 (6) The county treasurer may not issue a registration receipt or license plates for the vehicle to the
14 owner unless the owner makes the payments required by subsection (5). Except as provided in 61-3-560
15 through 61-3-562, the department may not assess or impose and the county treasurer may not collect taxes or
16 fees for a period other than:

17 (a) the current year; and

18 (b) except as provided in subsection (9), the immediately preceding year if the vehicle was not
19 registered or operated on the highways of the state, regardless of the period of time since the vehicle was
20 previously registered or operated.

21 (7) The department may make full and complete investigation of the registration status of the vehicle.
22 A person seeking to register a motor vehicle under this section shall provide additional information to support
23 the registration to the department if requested.

24 (8) Revenue that accrues from the voluntary donation provided in subsection (5)(c) must be forwarded
25 by the respective county treasurer to the department of revenue for deposit in the state special revenue fund to
26 the credit of an account established by the department of public health and human services to support activities
27 related to awareness and education efforts for procurement of organ and tissue donations for anatomical gifts.

28 (9) (a) Except as provided in subsection (9)(b), the fees in lieu of tax, taxes, and fees imposed on or
29 collected from the registration of a travel trailer, motorcycle, or quadricycle or a trailer, pole trailer, or semitrailer
30 that has a declared weight of less than 26,000 pounds are required to be paid only once during the time that the

1 vehicle is owned by the same person who registered the vehicle. Once registered, a vehicle described in this
2 subsection (9)(a) is registered permanently unless ownership of the vehicle is transferred.

3 (b) Whenever ownership of a vehicle described in subsection (9)(a) is transferred, the new owner is
4 required to register the vehicle as if it were being registered for the first time, including paying all of the required
5 fees in lieu of tax, taxes, and fees.

6 (10) Revenue that accrues from the voluntary donation provided in subsection (5)(d) must be forwarded
7 by the respective county treasurer to the department of revenue for deposit in the state special revenue fund to
8 the credit of the account established in 2-15-2218 to support activities related to education regarding prevention
9 of traumatic brain injury."

10
11 **Section 9.** Section 61-3-456, MCA, is amended to read:

12 **"61-3-456. Registration of motor vehicle owned and operated by Montana resident on active**
13 **military duty stationed outside Montana.** (1) As an incentive for military service, an owner of a motor vehicle
14 who is a Montana resident who entered active military duty from Montana and who is stationed outside Montana
15 may file with the department an application for the registration of the motor vehicle. The application must be
16 sworn to before an officer authorized to administer oaths. The application must state:

17 (a) the name and address of the owner;

18 (b) the make, the gross weight, the year and number of the model, and the manufacturer's identification
19 number and serial number of the motor vehicle; and

20 (c) that the vehicle is owned and operated by a Montana resident who meets the qualifications of
21 subsection (1) and is on active military duty and stationed outside Montana.

22 (2) The registration fee for a motor vehicle registered under subsection (1) is as provided in 61-3-311
23 and 61-3-321.

24 (3) A vehicle registered under this section is not subject to:

25 (a) the taxes described in 61-3-303(5)(b);

26 (b) assessment under 15-8-202 ~~or 61-3-503~~, the fee in lieu of tax under 61-3-529, ~~or~~ the registration
27 fee under 61-3-560 through 61-3-562, or the local option flat fee under 61-3-570; or

28 (c) any of the fees provided in part 5 of this chapter."
29

30 **Section 10.** Section 61-3-562, MCA, is amended to read:

"61-3-562. Permanent registration -- transfer of vehicle ownership -- rules. (1) (a) Except as

provided in subsection (1)(c), the owner of a light vehicle 11 years old or older subject to the registration fee, as provided in 61-3-561, may permanently register the vehicle upon payment of a \$50 registration fee, the applicable registration and license fees under 61-3-321 and 61-3-412, and an amount equal to five times the applicable fees imposed for each of the following:

(i) junk vehicle disposal fees under 15-1-122(3)(a);

(ii) weed control fees under 15-1-122(3)(b);

(iii) the former county motor vehicle computer fees under 61-3-511;

(iv) the local option ~~vehicle tax~~ or flat fee on vehicles under ~~61-3-537~~ 61-3-570;

(v) if applicable, special license plate fees under 61-3-332 and renewal fees for personalized plates under 61-3-406; and

(vi) senior citizens and persons with disabilities transportation services fees as provided in 61-3-321(6).

(b) A person who permanently registers a vehicle as provided in subsection (1)(a) shall pay an additional \$2 fee at the time of registration for deposit in the state general fund. The department shall pay from the general fund an amount equal to the \$2 fee collected under this subsection (1)(b) from each motor vehicle registration to the pension trust fund for payment of supplemental benefits provided for in 19-6-709.

(c) The following series of license plates may not be used for purposes of permanent registration of a vehicle:

(i) Montana national guard license plates issued under 61-3-458(2)(b);

(ii) reserve armed forces license plates issued under 61-3-458(2)(c);

(iii) license plates bearing a wheelchair design as a symbol of a person with a disability issued under 61-3-332(11);

(iv) amateur radio operator license plates issued under 61-3-422;

(v) collegiate license plates issued under 61-3-465; and

(vi) generic specialty license plates issued under 61-3-479.

(2) In addition to the fees described in subsection (1), an owner of a truck with a manufacturer's rated capacity of 1 ton or less that is permanently registered shall pay five times the applicable fees imposed under 61-10-201.

(3) The owner of a vehicle that is permanently registered under this section is not subject to additional fees under 61-3-561 or to other motor vehicle registration fees described in this section for as long as the owner

owns the vehicle.

(4) The county treasurer shall:

(a) distribute the \$50 registration fee collected under this section as provided in 61-3-509;

(b) once each month, remit to the department of revenue the amounts collected under this section, other than the local option vehicle tax or flat fee, for the purposes of 61-3-321(3) and 61-10-201. The county treasurer shall retain the local option vehicle tax or flat fee.

(5) (a) The permanent registration of a vehicle allowed by this section may not be transferred to a new owner. If the vehicle is transferred to a new owner, the department shall cancel the vehicle's permanent registration.

(b) Upon transfer of a vehicle registered under this section to a new owner, the new owner shall apply for a certificate of title under 61-3-201 and file an application for registration under 61-3-303. (Subsection (1)(b) terminates on occurrence of contingency--sec. 24, Ch. 191, L. 2001.)"

Section 11. Section 61-3-570, MCA, is amended to read:

"61-3-570. Local option flat fee -- exceptions. (1) A Except as provided in subsection (5), a local option flat fee for each light vehicle, as defined in 61-1-139, may be imposed within a county by the board of county commissioners by adoption of a resolution and referral to the electorate. The imposition of the local option flat fee must be approved by the majority of the electorate voting in the election.

(2) The local option flat fee must be based on the age of the light vehicle and may not exceed the amounts shown in the following table:

<u>Vehicle Age (in years)</u>	<u>Annual Fee</u>
<u>4 or less</u>	<u>\$125</u>
<u>5-10</u>	<u>46</u>
<u>11 or more</u>	<u>6</u>

~~(2)~~(3) The local option flat fee is:

(a) applicable annually for light vehicles that are registered annually; and

(b) a one-time fee for light vehicles registered under 61-3-562.

~~(3)~~(4) Fees A local option flat fee is payable at the same time and in the same manner as the fee imposed under 61-3-560 through 61-3-562. The fee collected under this section must be is distributed as provided in 61-3-537 as follows:

1 (a) 50% to the county; and

2 (b) the remaining 50% to the county and the incorporated cities and towns within the county,
3 apportioned on the basis of population. The distribution to a city or town is determined by multiplying the amount
4 of money available by the ratio of the population of the city or town to the total county population. The distribution
5 to the county is determined by multiplying the amount of money available by the ratio of the population of
6 unincorporated areas within the county to the total county population.

7 (5) A county that imposed a local option vehicle tax in calendar year 2005 under the provisions of
8 61-3-503 and 61-3-537, as those sections read on December 31, 2005, may assess the fee under this section
9 after a public hearing. However, the anticipated revenue from the fee in calendar year 2006 may not exceed the
10 revenue collected from the local option vehicle tax in calendar year 2005 by more than 10%.

11 (6) The governing body of a county may impose, revise, or revoke a local option flat fee if the imposition,
12 revision, or revocation of the fee is approved by the electorate of the county. The imposition, revision, or
13 revocation of the fee is effective on January 1 following its approval by the electorate. The county governing
14 body by resolution may provide for the distribution of the local option flat fee."

15
16 **Section 12.** Section 61-3-701, MCA, is amended to read:

17 **"61-3-701. Out-of-state vehicles used in gainful occupation to be registered -- reciprocity. (1)**

18 Before a motor vehicle that is registered in another jurisdiction may be operated on the highways of this state
19 for hire, compensation, or profit or before the owner or user of the vehicle uses the vehicle if the owner or user
20 is engaged in gainful occupation or business enterprise in the state, including highway work, the owner of the
21 vehicle shall register the vehicle at the office of a county treasurer or an authorized agent of the department.
22 Upon satisfactory evidence of ownership submitted to the county treasurer or the department's authorized agent
23 and the payment of fees in lieu of taxes or registration fees, if appropriate, as required by 15-8-201, 15-8-202,
24 15-24-301, 61-3-529, ~~61-3-537~~, or 61-3-560 and 61-3-561, or 61-3-570, the treasurer or authorized agent shall
25 enter the vehicle for registration purposes only on the electronic registry maintained by the department under
26 61-3-101.

27 (2) Upon payment of the fees or taxes, the treasurer or the department's authorized agent shall issue
28 to the vehicle owner a registration receipt and the proper license plates or other identification markers. The
29 license plates or identification markers must at all times be displayed upon the vehicle when operated or driven
30 upon roads and highways of this state during the registration period indicated on the receipt.

(3) The registration receipt does not constitute evidence of ownership but must be used only for registration purposes. A Montana certificate of title may not be issued for a vehicle registered under this section.

(4) This section is not applicable to a vehicle covered by a valid and existing reciprocal agreement or declaration entered into under Montana law."

Section 13. Section 61-3-736, MCA, is amended to read:

"61-3-736. Assessment of proportionally registered interstate motor vehicle fleets -- payment of fees required for registration. (1) (a) The department of transportation shall determine the fee for the purpose of imposing the fee in lieu of tax as provided in 61-3-528 and 61-3-529 on buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors and the light vehicle registration fee under 61-3-560 and 61-3-561 on light vehicles in interstate motor vehicle fleets that are proportionally registered under the provisions of 61-3-711 through 61-3-733. The fee must be apportioned on the ratio of total miles traveled to in-state miles traveled as prescribed by 61-3-721. The fee in lieu of tax or registration fee on interstate motor vehicle fleets is imposed upon application for proportional registration and must be paid by the persons who own or claim the fleet or in whose possession or control the fleet is at the time of the application.

(b) With respect to an original application for a fleet that has a situs in Montana for the purpose of the fee in lieu of tax or registration fee under this part or any other provision of the laws of Montana, the fee in lieu of tax or registration fee on fleet vehicles must be prorated according to the ratio that the remaining number of months in the year bears to the total number of months in the year.

(c) Vehicles subject to the light vehicle registration fee as part of a fleet under this subsection (1) are not subject to the local option vehicle tax or flat fee imposed under ~~61-3-537~~ or 61-3-570.

(2) With respect to a renewal application for a fleet, the fee in lieu of tax and the light vehicle registration fee are imposed for a full year. The department of transportation shall prorate the new fee in lieu of tax in 61-3-529 for motor vehicles that are proportionally registered, as provided in 61-3-721, and whose annual registration period does not coincide with the calendar year.

(3) Vehicles contained in a fleet for which current fees have been assessed and paid may not be assessed or charged fees under this section upon presentation to the department of proof of payment of fees for the current registration year. The payment of fleet vehicle fees in lieu of tax, light vehicle registration fees, and license fees is a condition precedent to proportional registration or reregistration of an interstate motor vehicle fleet.

1 (4) All fees collected on motor vehicle fleets under this chapter must be deposited and distributed as
2 provided in 61-3-738."

3
4 NEW SECTION. **Section 14. Repealer.** Sections 61-3-503 and 61-3-537, MCA, are repealed.

5
6 NEW SECTION. **Section 15. Effective date.** [This act] is effective January 1, 2006.

7
8 NEW SECTION. **Section 16. Applicability.** [This act] applies to local option vehicle fees imposed after
9 December 31, 2005.

10 - END -